

ASSESSING THE NEED FOR PERSONALIZED, JEWELRY-BASED CUSTOMER  
LOYALTY PROGRAMS WITHIN TOP LAS VEGAS, NEVADA LUXURY CASINO  
RESORTS

A Senior Project

presented to

the Faculty of the Recreation, Parks, & Tourism Administration Department

California Polytechnic State University, San Luis Obispo

In Partial Fulfillment

of the Requirements for the Degree

Bachelor of Science

by

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June 2013

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## ABSTRACT

# ASSESSING THE NEED FOR PERSONALIZED, JEWELRY-BASED CUSTOMER LOYALTY PROGRAMS WITHIN TOP LAS VEGAS, NEVADA LUXURY, CASINO RESORTS

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JUNE, 2013

Luxury markets have begun to expand from material items into places, experiences, and lifestyles. As the popularity of the luxury travel increases, resorts may benefit from incorporating some type of luxury aspect into a guest's stay. The purpose of this study was to assess the current need for personalized, jewelry-based, luxury customer loyalty programs focused on wealthy visitors to resort casinos in Las Vegas, Nevada. The researcher created an over the phone interview script and interviewed representatives from 15 top luxury resort casinos in Las Vegas, NV. Existence of customer loyalty programs and 'high-roller' customer loyalty programs were found to be high, but the interest level of these resorts in adding a personalized jewelry-based customer loyalty program were low. Further research should be conducted to test how financially beneficial personalized jewelry is to customer loyalty program in luxury resorts.

Keywords: customer loyalty program, consumer behavior, casino resorts, luxury

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## Chapter 1

### INTRODUCTION AND REVIEW OF LITERATURE

#### Background of Study

Customer loyalty programs have been in existence since the 1980's and since then organizations have been implementing them in hopes of increasing return purchases from consumers. Consumer behavior is a recent area of study within tourism and hospitality and has only been thoroughly examined for about 15 years (Souiden, M'Saad, & Pons, 2011). Recently, there is some evidence that these two topics are related; specifically in regards to luxury items.

These studies have focused on brand prominence, social status through material items, and how psychology can play a role in customer loyalty (Drèze & Nunes, 2009; Morais, Dorsch, & Backman, 2004; Souiden, et al., 2011). By combining luxury items and the theories from consumer behavior studies within a customer loyalty program, current and future organizations can optimize their return purchasers. Las Vegas, NV is not only known as a Mecca of entertainment, gambling, and neon lights, but also for its copious amounts of rewards programs and gimmicks. Las Vegas, NV is an ideal environment to assess the need for a personalized, jewelry-based, luxury customer loyalty program since it has some of the top resorts in the world and a very high concentration of wealthy customers.

Most customer loyalty programs already in existence use the common 'players card' to help customer track and earn rewards. But there seems to be gap within the luxury customer loyalty market, which is why this study, to assess the need for a

personalized, jewelry-based, luxury customer loyalty program, needed to be done. This type of study could benefit current and future luxury resorts, of all types, by targeting the high volume spenders, taking advantage of their social need for status, and using it to create customer loyalty through personalized jewelry and unparalleled service.

### Review of Literature

Research for this review of literature was conducted at Robert E. Kennedy Library on the campus of California Polytechnic State University, San Luis Obispo. In addition to journals and other resources, the following online databases were utilized: Academic Search Premier, Hospitality and Tourism Complete, and CAB Abstracts. This review of literature is organized into the following topic areas: customer loyalty programs, consumer behavior regarding luxury items and hotels, and how the two influence each other.

Customer loyalty programs. For decades, businesses have been trying to determine the perfect formula to develop a sense of loyalty among their customers. McCall and Voorhees (2010) reported that “one of the most significant and innovative breakthroughs in loyalty management occurred in 1981, when American Airlines launched AAdvantage, the first contemporary customer reward program,” with its goal to increase repeat purchases (p. 35). Ever since that advancement, all types of businesses and organizations have been trying to implement such a strategy to improve their earnings. Current literature on the subject contains important aspects in successful customer loyalty programs. The following paragraphs will include information on: the creation of value in customer loyalty programs, the psychological attributes of the

consumer that influence loyalty, the functioning of loyalty programs, the types of consumers, and some of the failures within customer loyalty programs.

Customer loyalty programs can be designed many ways, but their perceived value by the consumer is most important. “The process of developing effective program loyalty...” comes from understanding, “what types of reward programs can generate value perception,” (Hu, Huang, & Chen, 2010, p. 133). Hu, et al., described the key to be reward timing. Immediate rewards as well as delayed rewards both impact a customer’s value perception of loyalty programs. Hu, et al., found that “immediate rewards...are recommended because customers may purchase to receive incentives,” but “delayed rewards...can be justified as long as they are linked with value-enhancing rewards,” (p. 133). These reward-timing strategies help business managers to create a program to fit their customer needs, which can lead to true loyalty behavior.

Recent literature asserts that consumer psychology plays a role as well. Dick and Basu (1994) noted, “true loyalty must move beyond special pricing deals and require some underlying psychological mechanism to increase the consumers’ inherent preferences for...a brand or firm,” (p. 101). Henderson, Beck, and Palmatier (2011) observed where customer behavioral changes stem from:

Loyalty program-induced change to consumer behaviors typically results from (1) conferring status to consumers, which generates favorable comparisons with others; (2) building habits, which causes advantageous memory processes; and (3) developing relationships, which results in more favorable treatment by consumers. (p. 272)



In general, allowing the customer to achieve rank in a loyalty program creates a sense of social status. This is organizationally beneficial and helps create purchasing habits with purchasing reminders, and developing a “communal-type relationship,” with the customer that will potentially benefit overall business success (Henderson, et al., 2011, p. 269).

Another aspect involved in successful customer loyalty programs is how they function. A report by McCall and Voorhees (2010) described their developed conceptual model of loyalty program effectiveness that noted three important factors: the structure of a loyalty program, the structure of rewards, and customer factors. When all of these areas are adequately attended to, McCall and Voorhees show organizations will see “increased purchase frequency, decreased customer price sensitivity, customer advocacy, extended relationship lengths...[and] increased firm performance,” (p. 38). Organizations with narrow scope of how a loyalty program functions could potentially lose positive feedback. A wider scope, as mentioned above, could prove to be more beneficial.

An organization needs to identify their customer types and how they are going to shift their customers into groups that are more desirable (i.e. higher spenders). Palmer and Mahoney (2005) suggested that there are six types of customers: disloyal low spenders, loyal low spenders, infrequent big spenders, transient big spenders, frequent loyal low spenders, and loyal big spenders. By assessing which types the organization is working with, an appropriate loyalty program can be developed. Palmer and Mahoney suggested that “enhancements...with the infrequent big spenders’ and the transient big spenders’ segments,” would prove most beneficial, while not focusing on the disloyal low spenders segment would be smart as well (p. 284).

Knowledge about operating a positive loyalty program is valuable, but also being aware of what entails running a negative loyalty program is helpful. In the words of Salmon, Lucas, Kilby, and Dalbor (2004) “casino executives have found themselves attempting to out-bid each other by offering ever-increasing discount offers to premium players,” (p. 12). Salmon et al., noted “unfortunately, the majority of published empirical research is characterized by findings suggesting that casino promotions, generally, are failing to produce positive cash flows,” in relation to discount gambling (p. 13). The high-rollers in casinos have long been a sought after group to gain loyalty from, which is why so many discount gambling promotions are geared towards them. Salmon et al. have pointed out “if casino executives understood the true cost of these incentives, many of these offers would not be made” (p. 14).

Consumer behavior regarding luxury items and hotels. Humans have always been intrigued with luxury and status. For example “in the middle ages, sumptuary laws specified in minute detail what each social class was permitted and forbidden to wear, including the maximum price an article of clothing could cost” (Han, Nunes, & Drèze, 2010, p. 15). However, since those times, both luxury items as well as how consumers behave toward them as evolved tremendously. The following section will include an exploration of consumer classes in regards to luxury items, effects on customer satisfaction within luxury hotels, conspicuous consumption relationships, and luxury shopping trends.

Han, et al., (2010) have discussed the four types of consumers when it comes to luxury: “patricians, parvenus, poseurs, and proletarians” (p. 17). Han, et al. described patricians can be characterized by their significant wealth and willingness to pay full

price for luxury items, while parvenus are characterized by their oblivious, yet significant spending power. The study also defined poseurs as not having the money to be categorized as rich, but still wanting to be associated as so, and proletarians are the least affluent and status conscious. A business can improve its odds for success by attracting members of these affluent consumer segments. However, Han, et al., found that consumers don't always act within their class and "behavior may vary depending on the product category and the usage condition" (p. 27). Veblen (1899) in the theory of the leisure class states, "conspicuous consumption assumes the prevalence of a need for status" (p. 64). In other words, the buying of luxury items, and in extension, the display of such luxury items from the owner, is a way people in society gain status. Han, et al., (2010) claim that luxury items can be "loud" (very visible brand logo) or "quiet" (subtle logo) and that each of the four classes may behave differently to gain status through the purchase of these "loud" or "quiet" luxury items (p. 27). Therefore, a wide range of items from a luxury brand could be developed, some logo-prominent, some logo-subtle, so the brand can reach all four classes of luxury consumers.

While identifying consumer types is one way to improve business, identifying the trip-related factors that affect satisfaction can also be beneficial. Within a luxury hotel setting, Walls, Okumus, Wang, and Kwun (2011) found that "the consumer experience is comprised of both physical environment and human interaction dimensions" (p. 187). By focusing on these two factors, luxury hotels can create high customer satisfaction rates. Walls et al. claimed, "the physical environment cannot produce anything, but rather the experiences are created when individuals respond to the environment," (p. 188). Luxury hotels could then benefit by providing a "comfortable and inviting environment" (Walls,

et al., 2011, p. 188). Human interactions also shape customer satisfaction within a luxury hotel and more narrowly focus on: “experiences regarding fellow guests demeanor, proper behavior, and appearance and socialization skills” (Walls, et al., 2011, p. 189). These two factors are particularly connected and relevant because customers use physical cues to compare things, such as room price and quality of service, and if one doesn’t match the other, satisfaction rates will most likely go down (Walls, et al., 2011).

Veblen (1899) defined conspicuous consumption as “lavish spending on goods and services that are acquired mainly for the purpose of displaying income or wealth” (p. 64). This idea is consistent with the current consumer culture, which puts much pride and emphasis on luxury items. Souiden, M’Saad, and Pons (2011) found “consumers’ conspicuous consumption...to be directly and positively influenced by social status display” (p. 338). They also found “consumers believe that their social status may affect their self-image” and there is “an indirect impact on consumers’ conspicuous consumption via self-esteem” (p. 339). The buying of luxury items can then be connected to self-image and self-esteem among consumers, which luxury brands can then use to their advantage.

Park, Reisinger, and Noh (2010) explained that, “despite the fact that the number of people who can afford to pay extra for luxury decreases, the number of people who want to experience luxury is consistently on the rise,” (p. 164). Trends in luxury shopping within tourism show important features to tourists include: “pleasantness, high quality and price, being beautiful and refined, and different” (Park, et al., 2010, p. 173). Specific geographic locations were also found to be in demand for luxury shopping. The areas that should be promoted as luxury shopping destinations are “The USA, Europe, Hawaiian

and Pacific Islands as well as Australia/New Zealand and Canada” (Park, et al., 2010, p. 173). Both consumers and businesses can benefit from promotion of luxury shopping in tourism.

Customer loyalty programs and consumer behavior regarding luxury. The purchase of luxury items and involvement in a customer loyalty program with tiers can influence feelings of status. Drèze and Nunes (2009) stated, “firms are increasingly segmenting customers based on their level of commitment (spending) by creating well-defined classes (tiers) that help patrons identify what benefits—both tangible and intangible—they are entitled to as ordinary or extraordinary purchasers” (p. 890). Businesses that offer customer loyalty programs may want to add tiers to further their loyalty among customers, but adding luxury items within those tiers could prove to be immensely beneficial, “while perfect customization may be the ultimate desire for both firms and customers” (Drèze & Nunes, 2009, p. 903). The most successful customer loyalty program that utilized tiers had three, which gave customers that had tiers under them an instant feeling of superiority (Drèze & Nunes, 2009). However, tiers and luxury items aren’t enough to create a loyal customer base. Morais, Dorsch, and Backman (2004) suggest firms should “invest intangible [resources]” in their customers (p. 241). For example, developing a relationship with customers and the organization by greeting them by name and remembering their preferences from past encounters.. By doing so, customers would “receive specialized attention by the staff, their superior position as customers would be made visible to other customers” and they could develop personal and intimate relationships with the firm (Morais, Dorsch, & Backman, 2004, p. 241). This theory of intangible investments plays off Gouldner’s (1960) “notion of reciprocity,”

which states whatever type of investment a company makes in their customers, the customers in turn will make similar investments (p. 161).

Summary. Extensive research about customer loyalty programs and consumer behavior regarding luxury items and hotels has been conducted. Research on customer loyalty programs has found: immediate reward-timing for value creation, moving beyond pricing schemes and onto communal-based relationships, a program structure utilizing tiers, and focusing on ‘big spender’ customers are all important factors when considering the creation of loyalty program. Research on consumer behavior within luxury has found: most classes of consumers buy, and are concerned with, luxury items; (some more than others), consumers are effected by physical environment and human interactions with a hotel, conspicuous consumption affects self-image and self perceived social status, and luxury shopping in tourism is growing due to a variety of reasons. These findings should be utilized within an existing loyalty program to take advantage of consumer behavior in relation to luxury items. However, there has not been much research on the combination of both. A study for the need of a personalized, jewelry-based, customer loyalty program for Las Vegas, Nevada luxury casino resorts is needed.

#### Purpose of the Study

The purpose of this study was to assess the current need for personalized, jewelry-based, luxury customer loyalty programs focused on wealthy visitors to resort casinos in Las Vegas, Nevada.

### Research Questions

This study attempted to answer the following research questions:

1. Are the selected resort casinos in Las Vegas, Nevada using luxury customer loyalty programs focused on high volume spenders?
2. Is there an existing personalized, jewelry-based customer loyalty program?
3. What is the level of interest in selected Las Vegas, Nevada resort casinos in adding a personalized, jewelry-based customer loyalty program?

### Delimitations

This study was delimited to the following parameters:

1. Information on luxury customer loyalty programs was gathered from customer relations directors at Las Vegas, NV resort casinos.
2. Current luxury customer loyalty programs and their related markets were analyzed.
3. The data were collected during the spring of 2013.
4. Information for this study was gathered using a person-to-person interview method.

### Limitations

This study was limited by the following factors:

1. The instrument used in this study was not tested for validity or reliability.

2. The participants targeted for the interview could have been unresponsive when contacted.
3. The instrument used provided different sets of data.

### Assumptions

This study was based on the following assumptions:

1. It was assumed that participants responded honestly and to the best of their knowledge.
2. It was assumed that all participants asked to take part in an interview agreed to do so.
3. It was assumed that all the participants were knowledgeable about their field.

### Definition of Terms

The following terms are defined as used in this study:

Consumer behavior. all consumer activities associated with the purchase, use, and disposal of goods and services, including the consumer's emotional, mental, and behavioral responses that precede, determine, or follow these activities (Kardes, Cronley, & Cline, 2008).

Customer loyalty programs. an identifiable package of benefits offered to customers which reward repeat purchases (Palmer & Mahoney, 2000).

Luxury. an item or service not necessary for survival, but solely for the purpose for feeling pampered or superior.



### Ethical Consideration

This study was conducted under the ethical guidelines of the American Psychological Association (2002), the American Educational Research Association (AERA, 2000), and the National Recreation and Park Recreation Association (2013). In addition, this study followed the guidelines of, and was approved by, the Human Subject Committee of California Polytechnic State University, San Luis Obispo (Cal Poly, 2013). The Human Subjects Committee approval number for this study is 482013.556. Appendix B contains an example of the informed consent form that was used for this study. To maintain the confidentiality of the participants, the study uses pseudonyms to refer to any participant and no personal information was linked to any one participant.

## Chapter 2

### METHODS AND PROCEDURES

The purpose of this study was to assess the current need for personalized, jewelry-based, luxury customer loyalty programs focused on wealthy visitors to resort casinos in Las Vegas, Nevada. The following chapter contains the description of subjects, description of instrument, description of procedures, and method of data analysis.

#### Description of Subjects

Sixteen of the Las Vegas, Nevada top tier luxury casino resorts were studied. The AAA Five Diamond and Five Star Alliance ratings were utilized to choose this pool of subjects. The organizations rated by the AAA Diamond rating scale were measured on “overall quality, range of facilities, and level of service offered by the property” (AAA, 2013, para. 1). These resorts, according to AAA, have “the ultimate in luxury and sophistication. Physical attributes are extraordinary in every manner. Fundamental hallmarks include meticulous service that exceeds guest expectations, impeccable standards of excellence and personalized services and amenities that provide an unmatched level of comfort,” (AAA, 2013, para. 6). The organizations rated on the Five Star Alliance scale were measured by overall luxury, the options of services offered, the quality of service to their customers, and their rates (Five Star Alliance, 2013). Each of these resorts operated on a multimillion-dollar budget and employed thousands of employees ranging from in-house florists, to black jack dealers, to resident pop stars, and pastry chefs. These resorts offered the highest service to Las Vegas visitors and were

completely full-service and highly profitable entities. These eight resorts were chosen for their high probability to participate in a personalized, jewelry-based customer loyalty program. These subjects were selected through expert sampling where ratings were taken into account. The resorts were the units of analysis, however employee representatives participated in the interviews as the sources of information for this study.

### Description of Instrument

The instrument in this study was developed by the researcher as a semi-structured telephone interview. It contained seven main items, all of which prompted five to seven sequential questions. The majority of the questions were open-ended, but some were semi-closed with forced answers, such as 'yes' or 'no'. There was one Likert type scale question with five points of increasing interest; asking the level of interest in adding a personalized, jewelry-based customer loyalty program. The instrument was designed to go from broad to specific, first measuring the actual existence of customer loyalty programs at the resorts interviewed onto the complete description of these loyalty programs to the degree of interest in adding a personalized, jewelry-based luxury customer loyalty program. This instrument was developed by the researched with help and revisions made by their Senior Project Advisor (see Appendix A). This instrument was field tested for usability, clarity, and timing purposes. The Human Subjects Committee reviewed this instrument. An Informed Consent Letter that was renewed and approved by the Human Subjects Committee notified the participant of the contents, reason, and their role within the study and was included with the instrument (see Appendix B).

### Description of Procedures

This research and interview process took place over a five week period between the dates of April 8<sup>th</sup>, 2013 and May 10<sup>th</sup>, 2013. During the week of April 8<sup>th</sup>, 2013, the researcher contacted 16 resorts in the Las Vegas, Nevada area that met the criteria as listed above. During the first contact, an interview date and time was set up with the appropriate staff member and an email address was collected to confirm the dates and send the consent form (see Appendix B). At least 12 of the selected 16 resorts were confirmed for interviews. During the actual interview, the following script was stated at the beginning of each:

“Thank you Mr./Mrs. \_\_\_\_\_ for taking time out of your schedule to participate in my interview. I want to remind you that all of the answers you provide will remain confidential and that participation is voluntary. This interview will take approximately 15 to 20 minutes to complete. Are you comfortable with me recording this interview for accurate data collection? Are you ready to begin?”

A pad of paper or notebook with pens were available for manual note taking and a voice-recording device, such as a laptop, recorder, or smart phone was present, too. The researcher then asked the questions from the instrument in numbered order. Upon answering questions, if the interviewee did not provide enough detail, the researcher asked, “can you please elaborate more on that for me?” During the interview, if the interviewee touched on a subject that has to do with: the success of their customer loyalty programs, trends they are seeing in high rollers, how they are incorporating other items/products/organizations into their loyalty programs, or anything pertaining to this

study and its research questions, they were asked follow up questions to provide more specific detail.

When the interview was over, the interviewee was thanked for his/her time and asked if he/she had any questions of the researcher and if he/she would like a copy of the report when it was finished. If the/she did want a copy, the researcher confirmed his/her contact information. The voice recordings were saved the voice files to a private USB drive and to a computer hard drive within a locked folder with information pertaining to this study. A 'thank you' email was sent exactly one week later to the interviewee for his/her time and valuable information. This process was repeated for all of the scheduled interviews. For data analysis, an assistant was enlisted for inter-rater reliability. That person was trained through an overview of the research topic, the topic background, and the aim of the study by the primary researcher. We then discussed how themes and phases could be broken down into the simplest terms to find common answers.

### Method of Data Analysis

The data for this study was collected through written notes and voice recordings of the interviews, which were then transcribed. Microsoft Word and Excel were used to tabulate and analyze the data. Before analysis of the data began, an inter-rater reliability test took place. The researcher and an enlisted assistant went into different rooms, read over the data collected, and placed it into themes. The researcher and assistant then compared themes and aimed for an 80% equivalent rating. After a level of 80% corresponding themes was met, specific data analysis took place. To measure which of the selected resorts offered customer loyalty programs to high volume spenders, semi-

closed questions with forced answers were asked. The existence of customer loyalty programs, a complete description of their customer loyalty program, and a complete description of their potential high volume spender loyalty program were analyzed. To measure the possible existence of a personalized, jewelry-based customer loyalty program, open ended and semi-closed questions were asked of the resorts. Frequency and percentages were used to determine the occurrence of each type of answer. To measure the level of interest of the resorts in adding a personalized, jewelry-based customer loyalty program, a Likert type scale question was utilized to determine the mean interest. Once the interview transcripts were completed, the answers were condensed into summaries and put into common themes to make analysis easier with the qualitative data. For example, in Chapter 3 under Question 4 this quote appears: “a guest can simply go onto our website, enter their information, and become a member within seconds.” This quotation was then condensed and placed under the common theme ‘signing up’ in relation to how customers qualify for a resort’s customer loyalty program. This method of condensing and finding common themes was used for all of the interview transcripts and data.

## Chapter 3

### PRESENTATION OF THE RESULTS

The purpose of this study was to assess the current trends for customer loyalty programs. Specifically, this study analyzed trends for personalized jewelry-based loyalty programs for wealthy visitors. During data collection, over-the-phone interviews took place with representatives from the top luxury resort casinos in Las Vegas, Nevada. 16 resort casinos were invited to participate and 15 actually did participate yielding a 94% response rate. The next sections are organized by the interview questions and by listing each question, the reason for the question, noting anomalies during the administration of the questions, if any, and the results of each question.

#### Questions 1 and 10 – Loyalty Programs

Question 1 was, “Do you offer a customer loyalty program?” While Question 10 was, “Do you offer a customer loyalty program for different types of customers, i.e. ‘high-rollers’?” These questions were asked to establish which of the top luxury resort casinos on Las Vegas, Nevada offered customer loyalty programs. If any of the resorts did not offer a customer loyalty program, then one assumption of this study would be proven wrong. An anomaly was found that 26.67% of the resorts did not offer a customer loyalty program. It was also apparent that the resorts that offered a general customer loyalty program also offered a customer loyalty program for different types of customer, such as ‘high-rollers.’ Table 1 shows the participant data for this question in more detail.

Table 1.  
Existence of a Customer Loyalty Program, by Frequency and Percentage

Answer	<i>f</i>	%
Yes, we offer a customer loyalty program/high-roller program	10	66.67
No, we offer a casino rewards program	4	26.67
No, we don't offer any programs	1	6.67
Totals	15	100.01

Note. Due to rounding of numbers, percentages are more than 100%.

#### Question 2 and 3 – Types of Loyalty Programs

Question 2 asked, “Are there different levels within your customer loyalty program?” And Question 3 followed, “If so, how many?” These questions were used because during the literature review for this study it was found that customer loyalty programs with levels or tiers were more successful than those without. Of the 10 resorts that did offer customer loyalty programs, all utilized levels. Half of the resorts used five levels, four of the resorts used three levels, and only one resort used four levels. The most common theme for levels seen was the use of precious metal names, such as: bronze, silver, gold, and platinum.

#### Question 4 - Qualifications

Question 4 was, “What qualifies someone for the program?” This question was included to find out why someone would potentially get rewards from a resort and if it largely depended on the amount of money a customer spent at that resort. The answers to this question presented two themes.



The first theme that appeared from the interviews was signing up. For example, one resort answered, “a guest can simply go onto our website, enter their information, and become a member within seconds.” Another resort said, “guests can visit our concierge desk or website, fill out the form, and begin earning points all in the same day.” Eight of the resorts interviewed exhibited an answer similar to these two, which indicated their qualification for their customer loyalty program was signing up.

The second theme was the amount of money spent at the resort. One of the resorts answered, “guests qualify when they spend a certain amount of money in our casino, restaurants, spa, or rooms during one stay.” Another resort said, “we keep track, internally, of guests’ amount of stays and money spent then offer them a membership.” These are just a few examples of the six resorts that answered similarly showing that amount of money spent was the second theme.

#### Question 5 – Moving Between Levels

Question 5 inquired, “How does someone move up levels?” This question was incorporated to gain information on amount of money spent as a factor and therefore connecting to the special treatment of high-rollers. Every resort interviewed that offered a customer loyalty program utilized a system that moves customers up levels according to how much money they spend at the resort; the more money spent equals higher levels in the customer loyalty program.

### Question 6 and 11 – Types of Rewards

Question 6 was, “What types of rewards are given out?” While Question 11 was, “What areas can rewards be used?” These questions came from the literature review, which showed that in modern society a lot more things are considered part of the ‘luxury’ category, such as: experiences, places, and branded items. The interview data showed 10 different types/areas that rewards could be used. The three most common areas were: rooms, dining, and entertainment. One resort answered, “When a guest reaches a certain tier, we automatically upgrade their room, supply them tickets to the show of their choice in our resort, and make reservations for them at any restaurant in our resort.” The frequency and percentages of each type/area can be seen in Table 2.

Table 2.  
Types and Areas of Rewards According to Frequency and Percentages

Type/Area of Reward	<i>f</i>	%
Entertainment	10	18.52
Rooms	9	16.67
Dining	9	16.67
Transport (i.e. limo service)	9	16.67
Shopping	8	14.81
Casino	3	5.56
Wedding Planning/Venue	2	3.70
Night Clubs	2	3.70
Cruise Line Vacation	1	1.85
Personal Concierge	1	1.85
Total	54	100%

### Question 7 – Levels of Rewards

Question 7 was, “Are rewards different at different levels?” This question was included because during the literature review it was found that if tiers were utilized and the rewards at each tier were different and better as a guest moved up; people felt more superior as they went higher and would end up spending more money at the place that gave them that status. The data was completely congruent with that finding because every resort that offered a customer loyalty program with tiers also had different rewards at each level.

### Question 8 and 12 – Reward Timing

Question 8 inquired, “When are rewards given out to the customers?” and Question 12 was, “In your high-roller customer loyalty program, when are rewards given to the customers?” These questions came from the literature review, which found that immediate rewards (rewards given right when they are earned) created the most value to the customer. Two themes emerged from the interview answers.

Theme one was that rewards were given out right when a new level was reached. Some rewards at specific levels could only be earned along the way to reaching another tiers, but the most valued rewards were given out right as a guest reached the new level. An example from one interview was, “once a guest reaches the Platinum level while in our casinos, the Casino Manager comes over to them, offers them a seat at a private gambling table, and asks if it would be alright to move their belongings into one of our suites.” Another example from a different resort was, “once a guest reaches the new level our concierge calls their room and asks which restaurant they would like to dine at,

arranges a reservation and limousine escort.” These are a few examples how 8 of the 10 resorts interviewed with customer loyalty programs utilize immediate rewards.

Theme two was rewards given at the guests’ discretion. Some of the resorts used a point system that included different rewards at certain point amounts, as well as reaching new levels at extremely high point levels. One example a resort said was, “it only takes a few hundred points for guests to have their pick of a free show, a free buffet entry, a free buy in to a table, the guest gets to pick when and what they want to spend their points on.” All 10 of the resorts with customer loyalty programs had a system where guests could choose when, where, and how they wanted to redeem their rewards. This was an anomaly because nowhere in the literature review for this study was it found that guests’ discretion was a successful reward timing system. See for example Hu, Huang, and Chen, 2010.

#### Question 9 and 13 – Perceived Success

Question 9 asked, “Does your customer loyalty program seem to be successful?” In addition, Question 13 similarly asked, “Does your high-roller customer loyalty program seem to be successful?” These questions were asked because if the answer were ‘no’, then the need for a personalized, jewelry-based customer loyalty program may be high. All the resorts that had a general and high-roller customer loyalty program unanimously answered ‘yes’ to both of their programs being successful.

#### Question 14 – Use of Jewelry as a Reward

Question 14 was, “Does your company utilize a personalized, jewelry-based customer loyalty program aimed at high-rollers?” This question came from the basis for this study, which is to assess the current need for personalized, jewelry-based customer loyalty programs within top luxury casino resorts in Las Vegas, Nevada. An anomaly was found when one resort answered ‘yes.’ It was thought that nothing like this existed, but one resort answered, “we do use personalized jewelry as one of our gifts for the high-rollers when they spend a certain amount of money with us or have stayed with us for a certain amount of times to show them we really appreciate and value their business.” The 14 other resorts answered ‘no.’

#### Question 15 – Adding Jewelry as a Reward

Question 15 was, “On a scale from one to five, one being not interested at all and five being extremely interested, how interested would your company be in adding a personalized, jewelry-based customer loyalty program?” This question also came from the basis for this study, which is to determine the degree of interest and need for a product like this inside the current top luxury Las Vegas, NV resorts. An anomaly was found when asking this question because a brief description of the product was needed for most resort representatives to answer. Six of the resorts had no interest at all, while six other resorts were neutral and wanted to learn more. The mean score for interest level of adding a personalized, jewelry-based customer loyalty program was 2.27, which means the participants as a whole were somewhat not interested. The standard deviation was 1.16

which shows that the normal range for answers were between 1.11 and 3.43 interest levels.

The results presented in this chapter signify that there is a need for a personalized, jewelry-based customer loyalty program within the top luxury casino resorts in Las Vegas, NV because the majority of the participants interviewed is not using one; but there is not necessarily an extreme interest in adding one based on this interview answers. Chapter 4 analyzes these data in more detail and the, based upon the literature and the experience of the researcher, recommendations are made for how things can be improved.

## Chapter 4

### DISCUSSION AND CONCLUSIONS

The research done in this study led to identifying which current, top, luxury resorts in Las Vegas, NV were using customer loyalty program geared towards high-rollers, as well as if they were using a personalized jewelry-based customer loyalty program, and if not, how interested they would be in adding one. This concluding chapter will include: a summary of the study, a discussion of the results and the limitations, conclusions derived from the research questions, and recommendations for future research and practitioner usage.

#### Summary

The purpose of this study was to assess the current trends for customer loyalty programs, focused on personalized jewelry-based loyalty programs for wealthy visitors in Las Vegas, Nevada. The current increase and expansion of luxury markets has led to more people wanting to buy these experiences and branded items. Las Vegas, Nevada is a global hub for frivolous spending and brand names, so it is the potential starting point for a product such as a personalized jewelry-based customer loyalty program.

The research questions for this study were: “Are the selected resort casinos in Las Vegas, Nevada using luxury customer loyalty programs focused on high volume spenders?” “Is there an existing personalized, jewelry-based customer loyalty program?” And “What is the level of interest in selected Las Vegas, Nevada resort casinos in adding a personalized, jewelry-based customer loyalty program?” This study is important

because it analyzes the current trends and practices of the top luxury resorts in Las Vegas, NV and their customer loyalty program structures. It also gains knowledge on their usage and interest in a personalized jewelry-based customer loyalty program. These findings may be used by other luxury resorts, casino resorts, or even chain hotels to create a stronger, more loyal customer base.

### Discussion

The following sections are organized by research question, the reason for the question, the interview questions that pertain to the research question, and the findings.

#### Research Question 1 - High Volume Spenders

Research Question 1 was, “Are the selected resort casinos in Las Vegas, Nevada using luxury customer loyalty programs focused on high volume spenders?” This research question gained a basis for whether or not the selected resorts had a customer loyalty program geared towards high volume spenders. If the resorts did not have one, then there could potentially be a need for one, and if they did have one, they may want to improve or change it. Interview Questions 1 through 13 helped answer this research question. The important points were: resorts that offered a general customer loyalty program also offered a high-roller customer loyalty program, every resort utilized tiers or levels within their customer loyalty program, the rewards at higher levels were perceived as better than those below, reward timing was immediate or at the guest’s discretion, and the qualification to move up levels was the amount of money spent.



### Research Question 2 - Personalized Jewelry-Based Customer Loyalty Program

Research Question 2 asked, “Is there an existing personalized, jewelry-based customer loyalty program?” This research question helped gather knowledge on whether or not there is an existing personalized jewelry-based customer loyalty program within the selected Las Vegas, NV resorts. Interview Question 14 gained relevant data on this subject and found 1 out of the 15 resorts that had customer loyalty programs used personalized jewelry as a reward for their top level customers. This proved to be an anomaly because it was an assumption that nothing like this existed.

### Research Question 3 - Interest Level

Research Question 3 stated, “What is the level of interest in selected Las Vegas, Nevada resort casinos in adding a personalized, jewelry-based customer loyalty program?” This question added the most important data to fulfill the entire point of this study. This research question was answered by Interview Question 15, which found the mean interest of the selected resorts in adding a personalized jewelry-based customer loyalty program was 2.27 on a scale of one to five, one being not interested at all and five being extremely interested.

## Conclusions

Based on the findings of this study, the following conclusions are drawn:

1. The selected resort casinos on Las Vegas, NV are using customer loyalty programs focused on high volume spenders.
2. Of the 15 resorts interviewed, only 1 of them used personalized jewelry as part of their customer loyalty program.
3. The level of interest in the selected Las Vegas, NV resort casinos in adding a personalized jewelry-based customer loyalty program was 2.27, which is 'somewhat not interested.'

## Recommendations

Based on the conclusions of this study, the following recommendations are made:

1. Current practitioners should continue with their current customer loyalty programs, but look into the potential added value of a personalized jewelry-based customer loyalty program since luxury markets are on the rise.
2. In future studies, a larger more diverse sample size would allow for a more thorough and complete study.
3. Future research should investigate the emerging luxury markets and how resorts could potentially capitalize on them by incorporating them into their business structure.

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## REFERENCES

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## APPENDIXES

## Appendix A

### Interview Script

## Introduction Script:

“Thank you Mr./Mrs. \_\_\_\_\_ for taking time out of your schedule to participate in my interview. I want to remind you that all of the answers you provide will remain confidential and that participation is voluntary. This interview will take approximately 15 to 20 minutes to complete. Are you comfortable with me recording this interview for accurate data collection? Are you ready to begin?”

1. Do you offer a customer loyalty program?
2. If yes, can you describe it for me?\*
- a. Are there different levels?
  - b. How many?
  - c. What qualifies someone for the program?
  - d. How does someone ‘move up’ if tiers are being utilized?
  - e. What types of rewards does the program offer?
  - f. What areas can rewards be earned/used (restaurants, theaters, bars, clubs, gambling tables, etc.)?
  - g. Are rewards different at different tiers?
  - h. When are rewards given to the customers (timing)?
  - i. Does this program seem to be successful?
3. Do you offer different customer loyalty programs for different types of customers?\*
- a. Low-spenders, intermediate-spenders, ‘high-rollers’?
4. If yes (high roller specific program), can you describe it for me?\*
- a. What types of rewards does the program offer?
  - b. Is the program personalized/customized for each customer?
  - c. What areas can rewards be earned/used (restaurants, theaters, bars, clubs, gambling tables, etc.)?
  - d. Are there areas out of the hotel these high-rollers can use their rewards (airports, other hotels, other cities, other countries, luxury tangible items, luxury intangible items)?
  - e. When are rewards given to the customers (timing)?
  - f. What qualifies someone for this special program?
  - g. Does this program seem to be successful?
5. Does your company utilize a personalized, jewelry-based customer loyalty program aimed at ‘high-rollers’?\*
6. If yes, can you describe it for me?
7. If no, on a scale from one to five, one being not interested at all and five being extremely interested, how interested would your company be in adding one? (Additional description of my idea may be necessary to achieve an educated answer)

\*Note that after these questions additional, unplanned, but appropriate questions may be added and asked



## Appendix B

### Informed Consent Letter

## **Informed Consent Form**

### **INFORMED CONSENT TO PARTICIPATE IN A RESEARCH PROJECT ABOUT ASSESSING THE NEED FOR PERSONALIZED, JEWELRY-BASED CUSTOMER LOYALTY PROGRAMS IN LAS VEGAS LUXURY RESORTS**

A senior project on assessing the need for personalized, jewelry-based customer loyalty programs in Las Vegas luxury resorts is being conducted by Melissa Brick in the Department of Recreation, Parks, and Tourism Administration at Cal Poly, San Luis Obispo under the direct supervision of Dr. Kirk Sturm. The purpose of the study is to assess the need for personalized, jewelry-based customer loyalty programs in current Las Vegas, Nevada luxury casino resorts.

You are being asked to take part in this study by participating in the following interview. Your participation will last one interview session taking approximately 30 minutes. Please be aware that you are not required to participate in this research and you may discontinue your participation or omit any answers at any time without penalty.

There are no risks anticipated with participation in this study. Your confidentiality will be protected by securing personal information in a password protected file. Responses and personal information will be destroyed after completion of the project. Potential benefits associated with the study include advancing the knowledge on customer loyalty programs and advancing the future of customer loyalty programs within current luxury resorts.

If you have questions regarding this study or would like to be informed of the results when the study is completed, please feel free to contact Melissa Brick at [mmbrick@calpoly.edu](mailto:mmbrick@calpoly.edu) or Dr. Kirk Sturm at [ksturm@calpoly.edu](mailto:ksturm@calpoly.edu). If you have questions or concerns regarding the manner in which the study is conducted, you may contact Dr. Steve Davis, Chair of the Cal Poly Human Subjects Committee, at (805) 756-2754, [sdavis@calpoly.edu](mailto:sdavis@calpoly.edu), or Dr. Dean Wendt, Interim Dean of Research, at (805) 756-1508, [dwendt@calpoly.edu](mailto:dwendt@calpoly.edu).

If you agree to voluntarily participate in this senior project as described, please indicate your agreement by signing below or by participating in the following interview. Please keep one copy of this form for your reference, and thank you for your participation in this senior project.

_____ Signature of Volunteer	_____ Date
_____ Signature of Researcher	_____ Date